

Passed the Senate on March 16, 2011: Yeas 21, Nays 9; passed the House on May 4, 2011: Yeas 110, Nays 26, two present not voting.

Approved May 17, 2011.

Effective September 1, 2011.

CHAPTER 64

S.B. No. 360

AN ACT

relating to the composition and use of money in the rural water assistance fund.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 15.992, Water Code, is amended by amending Subdivision (2) and adding Subdivision (3-a) to read as follows:

(2) "Federal agency" means an agency or other entity of the United States, *including the United States Department of Agriculture or an agency or entity that is acting through or on behalf of that department.*

(3-a) "Nonprofit water supply or sewer service corporation" means a corporation operating under Chapter 67.

SECTION 2. Section 15.993, Water Code, is amended to read as follows:

Sec. 15.993. FUND. The rural water assistance fund is a special fund in the state treasury. The fund consists of:

- (1) money directly appropriated to the board *for a purpose of the fund*;
- (2) repayment of principal and interest from loans made from the fund not otherwise needed as a source of revenue pursuant to Section 17.9615(b);
- (3) money transferred by the board from any sources available; ~~and~~
- (4) interest earned on the investment of money in the fund and depository interest allocable to the fund;
- (5) *money transferred to the fund from the water assistance fund in accordance with Section 15.011(b), including proceeds from the sale of political subdivision bonds by the board to the Texas Water Resources Finance Authority that are deposited in the water assistance fund as provided by Section 17.0871;*
- (6) *money from gifts, grants, or donations to the fund; and*
- (7) *any other fees or sources of revenue that the legislature may dedicate for deposit to the fund.*

SECTION 3. Section 15.994, Water Code, is amended by amending Subsections (a), (b), (c), and (e) and adding Subsection (h) to read as follows:

(a) The fund may be used to provide low-interest loans to rural political subdivisions for:

- (1) water or water-related projects and for water quality enhancement projects, including:
 - (A) *the construction of infrastructure facilities for wholesale or retail water or sewer service;*
 - (B) *desalination projects;*
 - (C) *the purchase or lease of water well fields;*
 - (D) *property necessary for water well fields;*
 - (E) *[,] the purchase or lease of rights to produce groundwater;*
 - (F) *[,] onsite or wetland wastewater treatment facilities;[,]* and
 - (G) *the interim financing of construction projects;*
- (2) *water projects included in the state water plan or a regional water plan;*

(3) development of groundwater sources and acquisition of water rights, including groundwater and surface water rights;

(4) the acquisition of retail public utilities as defined by Section 13.002;

(5) the acquisition of water supply or sewer service facilities or systems owned by municipalities or other political subdivisions;

(6) construction, acquisition, or improvement of water and wastewater projects to provide service to an economically distressed area;

(7) planning and design costs, permitting costs, and other costs associated with state or federal regulatory activities with respect to a project; and

(8) obtaining[.

~~[(b) The fund may be used to enable a rural political subdivision to obtain] water or wastewater service supplied by other [larger] political subdivisions or financing [to finance] the consolidation or regionalizing of neighboring political subdivisions, or both.~~

~~(b) The fund may be used to provide zero interest loans, negative interest loans, loan forgiveness, or grants for any purpose described by Subsection (a) under criteria developed by the board.~~

~~(c) The board may use money in the [The] fund to contract for [may be used to finance an] outreach, financial, and technical assistance [program] to assist rural political subdivisions in obtaining and using financing from [assistance through] the fund. [The board may use money in the fund to contract for such outreach and technical assistance.]~~

~~(e) A rural political subdivision may enter into an agreement with a federal agency, [or] a state agency, or another rural political subdivision to submit a joint application for financial assistance under this subchapter.~~

~~(h) The board may coordinate its review of an application submitted under this subchapter with a federal agency to avoid duplication of efforts and costs.~~

SECTION 4. The heading to Section 15.995, Water Code, is amended to read as follows:

Sec. 15.995. FINANCIAL ASSISTANCE IN GENERAL.

SECTION 5. Subchapter R, Chapter 15, Water Code, is amended by adding Section 15.996 to read as follows:

Sec. 15.996. LOANS TO NONPROFIT WATER SUPPLY OR SEWER SERVICE CORPORATIONS. (a) In addition to any other method of providing financial assistance authorized by this subchapter, the board may make financial assistance available to an applicant that is a nonprofit water supply or sewer service corporation by entering into a loan agreement with the applicant.

(b) To be eligible to receive financial assistance under this section, the applicant must:

(1) execute a promissory note for the full amount of the loan; and

(2) provide to the board an attorney's opinion stating that the applicant has the authority to incur the debt.

(c) An applicant for financial assistance under this section is not required to appoint or employ:

(1) a bond counsel; or

(2) a financial advisor.

SECTION 6. This Act takes effect September 1, 2011.

Passed the Senate on March 24, 2011: Yeas 31, Nays 0; passed the House on May 4, 2011: Yeas 142, Nays 0, two present not voting.

Approved May 17, 2011.

Effective September 1, 2011.